

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

No. G 04-79

Regence Blue Shield, and
Asuris Northwest Health
Domestic HCSCs

FINDINGS, CONCLUSIONS, AND

ORDER ADOPTING REPORT

Regencecare,
Domestic HMO

OF

MARKET CONDUCT EXAMINATION

BACKGROUND

An examination of the market conduct of **Regence Blue Shield, Asuris Northwest Health and Regencecare** (the Companies) as of December 31, 2002, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies hold a Washington Certificate of Authority as either a Health Care Service Contractor, or a Health Maintenance Organization. They are domiciled in Washington. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and recommendations was transmitted to the Companies for comments on August 24, 2004. The Companies' response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Companies.

Subject to the right of the Companies to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 48 of the report.

Regence Blue Shield
RegenceCare
Asuris Northwest Health
Order of Market Conduct
November 24, 2004

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CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Regence Blue Shield, Asuris Northwest Health and Regencecare**, and to order the Companies to take the actions described in the Instructions and Recommendations section of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are appropriate responses to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

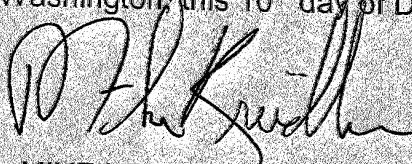
The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on pages 33 and 34.

1. The Companies are ordered to audit and reprocess all maternity claims since July 1, 2000 for BIAW members to assure that benefits were paid at 100% in network and 70% out of network. (Instruction 1, Page 12)
2. The Companies are ordered to maintain a complete file of all advertising material. (Instruction 2, Page 13)
3. The Companies are ordered to review and reprocess any claims incurred that may have been inappropriately denied for adoptive children and for newborns covered by the Erin Act. (Instruction 3, Page 18)
4. The Companies are ordered to revise all member handbook documents to clearly state that female enrollees are provided direct access to women's health services. (Instruction 4, Page 28)
5. The Companies are ordered to revise all contract documents to include the prudent person language as defined by statute. (Instruction 5, Page 28)
6. The Companies are ordered to revise all contract documents to include the correct definition of allowable expense for Coordination of Benefits. (Instruction 6, Page 28)
7. The Companies are ordered to amend their provider contracts to accurately reflect that, as an HCSC or HMO, the companies meet the definition of an issuer and are subject to laws applicable to insurance. (Instruction 7, Page 30)
8. The Companies are ordered to include hold harmless language in their provider contracts. (Instruction 8, Page 31)
9. The Companies are ordered to file provider contract forms with the OIC prior to use. (Instruction 9, Page 31)

10. The Companies are ordered to notify subscribers regarding terminated providers rather than requiring the providers to notify the patients. (Instruction 10, Page 31)
11. The Companies are ordered to remove the language in their provider contract forms that require alternative dispute resolution to the exclusion of judicial remedies. (Instruction 11, Page 31)
12. The Companies are ordered to maintain accurate and complete accounts, records, documents, and files to facilitate future examinations. (Recommendation 1, Page 11)
13. The Companies are ordered to not use advertising that omits information with the effect of misleading or deceiving purchasers or prospective purchasers as to the nature or extent of any policy benefit payable, or that misrepresents the benefits or advantages of the contract. (Recommendation 2, Page 12)
14. The Companies are ordered to amend contracts to clearly reflect any exceptions to benefits that may be excluded from Coordination of Benefits provisions. (Recommendation 3, Page 15)
15. The Companies are ordered to pay 95% of clean claims within 30 days, pay or deny 95% of all claims within 60 days, and pay interest on any undenied claims more than 61 days old. (Recommendation 4, Page 16)
16. The Companies are ordered to correctly apply the time covered by a previous health plan to the preexisting condition exclusions, limitations, or waiting periods. (Recommendation 5, Page 23)
17. The Companies are ordered to not require completion of the standard health questionnaire if the stated criteria are met. (Recommendation 6, Page 23)
18. The Companies are ordered to revise all contract documents to include the waiver of preauthorization for mental health treatment if a member is involuntarily committed to a state hospital. (Recommendation 7, Page 27)
19. The Companies are ordered to include the required disclosure statement with all plans that include pharmacy services coverage. (Recommendation 8, Page 27)
20. The Companies are ordered to amend their provider manual(s) to correctly state the time requirements regarding appeal notification. (Recommendation 9, Page 29)

IT IS FURTHER ORDERED THAT, the Companies file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 10th day of December, 2004.



MIKE KREIDLER
Insurance Commissioner